

August 28, 2018

To All Concerned Parties

REIT Issuer:
 Kenedix Residential Next Investment Corporation
 Representative: Keisuke Sato, Executive Director
 (Securities Code: 3278)

Asset Management Company:
 Kenedix Real Estate Fund Management, Inc.
 Representative: Masahiko Tajima, President & CEO
 Contact: Shin Yamamoto, Head of Planning
 Division, Residential REIT Department
 TEL: +81-3-5157-6011

Notice Concerning Debt Financing and Execution of Interest Rate Swap Agreements

Kenedix Residential Next Investment Corporation (“the Investment Corporation”) announced today the decision regarding debt financing (total of ¥11 billion) and execution of interest rate swap agreements. Details are as follows.

1. Details of Debt Financing

Series	Lender	Amount (million)	Interest Rate (Note 1) (Note 2)	Contract Date	Drawdown Date	Principal repayment Date (Note 2)	Collateral • Repayment Method
29-A-1	Sumitomo Mitsui Banking Corporation	¥1,000	Base rate ^(Note 3) (JPY TIBOR for 1 month) +0.350%	August 28, 2018	August 31, 2018	August 31, 2022	Unsecured, unguaranteed • Repayment of principal in full on maturity date
29-A-2	MUFG Bank, Ltd.	¥400					
29-B	Development Bank of Japan Inc	¥1,600	To be determined (Note 4)(Fixed rate)				
29-C-1	Sumitomo Mitsui Banking Corporation	¥1,200	Base rate ^(Note 3) (JPY TIBOR for 1 month) +0.400%			February 28, 2027	
29-C-2	Aozora Bank, Ltd.	¥1,000					
29-C-3	MUFG Bank, Ltd.	¥800					
29-D-1	Sumitomo Mitsui Banking Corporation	¥1,050	Base rate ^(Note 3) (JPY TIBOR for 1 month) +0.575%				
29-D-2	Resona Bank, Limited.	¥500					
29-D-3	Sumitomo Mitsui Trust Bank, Limited	¥500					
29-D-4	Mizuho Trust & Banking Co., Ltd.	¥500					
29-D-5	Mizuho Bank, Ltd.	¥250					
29-E-1	Development Bank of Japan Inc	¥1,400	To be determined (Note 4)(Fixed rate)				
29-E-2	MUFG Bank, Ltd.	¥800	To be determined (Note 4)(Fixed rate)				

(Note1) The first interest payment is due at the end of September 2018 and on the last day of every month thereafter, with the principal repayment day. Regarding Series 29-B and 29-E-1, the first interest payment is due at the end of November 2018, and on the last day of every three months thereafter, with the principal repayment day.

(Note2) If the interest payment date or the principal repayment date is a non-business day, the date shall be the next business day and if such next business day falls under the next month, the date shall be the preceding business day.

(Note3) The Japanese Yen TIBOR of the JBATA is available on the JBATA website (<http://www.jbatibor.or.jp/english/>).

(Note4) Any undecided matters shall be determined on August 29, 2018 and will be announced after decision is made.

2. Reason for Debt Financing

The borrowing above mentioned shall be used to apply the funds toward the repayment of Series 3-E (¥8.0 billion) and Series 3-F (¥3.0 billion) with repayment date of August 31, 2018^(Note).

(Note) Regarding the detail of Series 3-E and Series 3-F, please refer to the press release “Notice Concerning Debt Financing and Early Repayment of Debt Financing” announced on August 2, 2013 and “Notice Concerning Debt Financing Interest Rate Determination and Interest-Rate Swap Agreement” announced on August 5, 2013

3. Interest Rate Swap Agreements

(1) Reason for Executing the Interest Rate Swap Agreements

For a hedge against possible increases in future interest rate for Series 29-A-1, -2, Series 29-C-1, -2, -3 and Series 29-D-1, -2, -3, -4, -5 with floating interest rate.

(2) Details of the Interest Rate Swap Agreements

		Series 29-A-1	Series 29-A-2
Counterparty		To be determined ^(Note)	
Notional Amount		¥1,000 million	¥400 million
Interest Rate	Fixed interest Rate for payment	To be determined ^(Note)	
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 1 month)	
Commencement Date		August 31, 2018	
Termination Date		August 31, 2022	
Payment Date		The interest payment is due at the end of September 2018, and on the last day of every month thereafter, with termination date. (If each payment day is a non-business day, then the payment will be due on the next business day and if the next business day is in the next month, then the previous business day will be applied.)	

		Series 29-C-1	Series 29-C-2	Series 29-C-3
Counterparty		To be determined ^(Note)		
Notional Amount		¥1,200 million	¥1,000 million	¥800 million
Interest Rate	Fixed interest Rate for payment	To be determined ^(Note)		
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 1 month)		
Commencement Date		August 31, 2018		
Termination Date		August 31, 2023		
Payment Date		The interest payment is due at the end of September 2018, and on the last day of every month thereafter, with termination date. (If each payment day is a non-business day, then the payment will be due on the next business day and if the next business day is in the next month, then the previous business day will be applied.)		

		Series 29-D-1	Series 29-D-2	Series 29-D-3	Series 29-D-4	Series 29-D-5
Counterparty		To be determined ^(Note)				
Notional Amount		¥1,050 million	¥500 million	¥500 million	¥500 million	¥250 million
Interest Rate	Fixed interest Rate for payment	To be determined ^(Note)				
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 1 month)				
Commencement Date		August 31, 2018				
Termination Date		February 28, 2027				
Payment Date		The interest payment is due at the end of September 2018, and on the last day of every month thereafter, with termination date. (If each payment day is a non-business day, then the payment will be due on the next business day and if the next business day is in the next month, then the previous business day will be applied.)				

(Note) Any undecided matters shall be determined on August 29, 2018 and will be announced after decision is made.

4. Status of the Interest-bearing Liabilities after the Borrowings (as of August 31, 2018)

(Unit: millions of yen)

Classification	Balance Before the Borrowings	Balance After the Borrowings	Difference
Short-term borrowings ^(Note 1)	2,630	2,630	—
Current portion of long-term borrowings ^(Note 2)	13,500	2,500	-11,000
Long-term borrowings ^(Note 3)	99,700	110,700	+11,000
Total borrowings	115,830	115,830	—
Investment corporation bonds	3,000	3,000	—
Total interest-bearing liabilities	118,830	118,830	—

(Note1) The “Short-term borrowings” shall mean the borrowings with a period of less than or equal to one year from the borrowing date to the repayment date. However, if the first anniversary of the date of borrowings fall under a non-business day, the repayment date shall be the next business day and even if, as a result, the borrowing period exceeds one year, the borrowings shall be categorized as short-term borrowings.

(Note2) The “Current portion of long-term borrowings” shall mean the long term borrowings due within one year.

(Note3) The “Long-term borrowings” shall mean the borrowings with a period of more than one year from the borrowing date to the repayment date.

5. Forecasts

Regarding “Notice Concerning Revisions to Operating Forecasts for the Fiscal Period Ending July 31, 2018, Revisions to Operating Forecasts and Cash Distribution Forecasts for the Fiscal Period Ending January 31, 2019 and Operating Forecasts and Cash Distribution Forecasts for the Fiscal Period Ending July 31, 2019” announced on July 13, 2018, which is substantially equal to the assumption such as the borrowing interest rate decided today. Therefore, There is no change to the forecasts of Revisions to Operating Forecasts and Cash Distribution Forecasts of the Investment Corporation.

6. Others

In relation to the risks associated with the borrowings, there have been no significant changes to the "Investment Risks" stated in the securities registration statement (*Yuka shoken todokedesyo*) submitted on July 13, 2018.

* Website URL of the Investment Corporation: <https://www.kdr-reit.com/en/>

[Provisional Translation Only]

English translation of the original Japanese document is provided solely for information purposes.

Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.